



May 28, 2014

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314

VIA ELECTRONIC DELIVERY: regcomments@ncua.gov

RE: Prompt Corrective Action - Risk-Based Capital

Dear Mr. Poliquin:

Please accept this correspondence as commentary concerning the National Credit Union Administration's (NCUA's) recently issued proposed rule to establish risk-based capital requirements for federally-insured credit unions. Toro Employees Federal Credit Union ("TEFCU") appreciates the opportunity to comment on the risk-based capital ("RBC") proposed rule and work collaboratively for the benefit of the credit union industry. By way of background, TEFCU represents the interests of 3,200 members.

TEFCU generally supports a modern, detailed and robust capital system that is thoughtfully implemented over time. However, considering how well credit unions generally weathered the most recent recession, it is questionable whether a sufficient basis exists to increase capital requirements at this time.

TEFCU appreciates NCUA's intention to help credit unions better absorb losses, establish a safer and more resilient credit union industry, and reduce risk to the National Credit Union Share Insurance Fund ("NCUSIF"). However, we cannot support the RBC proposed rule in its current form, and, although well-intended, find it carries significant, unintended consequences. We have a number of over-arching concerns regarding the proposed rule, including:

- Includes interest rate risk and concentration risk, whereas banks do not have to be concerned with concentration risk.
- Treats all mortgage terms the same.
- No credit for liabilities on the balance sheet.
- Ignores NCUSIF deposit.
- Overreaches what is required of banks and Basel III.
- Only have 18 months to comply versus seven years the banks had.
- Examiners have the discretion to determine if we are not in compliance with RBC.

If you have any questions about our comments, please do not hesitate to contact me at (952) 887-8050.

Sincerely,

Grant Johnson
President/CEO